

PUBLIC DISCLOSURE

DECEMBER 8, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

TELEPHONE WORKERS' CREDIT UNION

100 HIGH STREET
BOSTON, MA 02110

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **TELEPHONE WORKERS' CREDIT UNION** prepared by the Division, the institution's supervisory agency, as of **DECEMBER 8, 2003**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "SATISFACTORY"

Telephone Workers' Credit Union's (TWCU or the credit union) overall CRA performance reflects the degree of its commitment in helping to meet the credit needs of the institution's members. Based upon the provisions for evaluating large credit unions for compliance with the CRA, two tests were conducted to determine the credit union's overall CRA performance rating for calendar year 2002, and year-to-date 2003. These include the Lending Test and the Service Test.

In accordance with the requirements of 209 CMR 46.41, certain credit unions may use membership instead of geography in loan analyses. Based on the Lending Test analysis of residential loans and a sample of consumer loans originated by TWCU to borrowers of different income levels, the credit union has demonstrated satisfactory performance under the Lending Test criteria.

The Service Test indicates that the credit union's delivery systems, which consist primarily of branch offices and automated teller machines, appear to be convenient and accessible to all members. Low and moderate-income members benefit from the institution's efforts to provide services to the entire membership.

TWCU's rating of "Satisfactory" is based upon its record of ascertaining and helping to meet the credit needs of its members in a manner consistent with the credit union's resources and capabilities. The individual ratings assigned to the two primary test areas present a more detailed representation of TWCU's CRA performance.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

The following table indicates the performance level of **Telephone Workers' Credit Union, Boston, Massachusetts**, with respect to the lending, investment, and service tests:

PERFORMANCE TESTS Telephone Workers' Credit Union		
Performance Levels	Lending Test*	Service Test
Outstanding		
High Satisfactory		
Satisfactory	X	X
Needs to Improve		
Substantial Non-Compliance		

*Note: The Lending Test is weighed more heavily than the Service Test when arriving at an overall rating.

DESCRIPTION OF INSTITUTION

TWCU was originally established in March, 1917 to serve the employees of New England Telephone. However, numerous changes in the communications and financial services industry have occurred since that time. TWCU serves employees of all companies that provide services and technologies for the purpose of the transmission and processing of information, voice, data, and video. As of September 30, 2003, the credit union's membership totaled 28,409. The credit union's assets as of the same date totaled \$575,981,558.

The credit union's main office is located in the financial district at 100 High Street, Boston, Massachusetts. Delivery systems consist of Automated Teller Machines and branch offices. These services appear to be accessible to all members. ATMs are maintained at all branch office locations, including the two full service branches located at 250 Granite Street in Braintree, and 99E Main Street in Stoneham. The ATMs are linked to the NYCE® and CIRRUS® networks.

TWCU faces competition for members and loans from banks, mortgage companies, and other industrial credit unions that operate primarily within the Barnstable, Boston, Brockton, Lawrence, Lowell, and Providence-Fall River Metropolitan Statistical Areas (MSAs). Other industrial credit unions have similar, if not broader, membership requirements to TWCU, often with overlapping market areas.

As of September 30, 2003, gross loans totaled \$253,110,206, which represented 43.9 percent of total assets.

Loan Distribution as of September 30, 2003		
Loan Type	Dollar Amount \$(000)	Percent (%)
Secured by:		
First Mortgage Real Estate	143,204.1	56.6
Other Real Estate	36,966.3	14.6
All Other Unsecured	27,058.3	10.7
Unsecured credit Card	20,312.1	8.0
Used Vehicle	12,807.7	5.1
New Vehicle	11,005.5	4.3
All Other	1,756.2	0.7
Total	253,110.2	100.0

Source: Report of Condition

The credit union actively sells residential mortgages in the secondary mortgage market, but retains the servicing rights. Participation in the secondary mortgage market allows the credit union to offer a variety of fixed-rate and adjustable-rate mortgage loan products. The credit union sells fixed rate mortgages to the Federal Home Loan Mortgage Corporation (FHLMC). The credit union sold 123 loans to FHLMC in 2002 totaling \$25.9 million, and 295 in 2003 totaling \$48.2 million.

DESCRIPTION OF INSTITUTION (continued)

The credit union's Call Report data was utilized to determine the average loan-to-asset ratio for the last eight quarterly time periods, beginning December 31, 2001 and ending September 30, 2003. The data indicated that the net loan-to-asset ratio for this period averaged 49.7 percent. Also, the net loan-to-asset ratios decreased from a high of 53.7 percent as of December 31, 2001 to a low of 43.6 percent as of September 30, 2003. The average net loan-to-share ratio for the same period was 58.7 percent. Similar to the loan to asset ratios, the net loan-to-share ratios steadily decreased during the same period from a high of 63.9 percent as of December 31, 2001 to a low of 51.1 percent as of September 30, 2003.

TWCU's net loan-to-share ratio for third quarter 2003 is indicated below and is compared to nine other lenders³ (selected peers) that operate in TWCU's major lending area. The comparison of the other institutions calls attention to TWCU's position relative to the net loans-to-assets and net loans-to-share ratios of similarly situated institutions.

Credit Union	Net Loans	Assets	Net Loans to Assets Ratio	Shares	Net Loans to Share Ratio
Direct	\$430,633,575	\$494,315,752	87.1%	\$432,573,998	99.6%
Digital	\$1,653,527,581	\$2,158,550,460	76.6%	\$1,995,166,858	82.9%
MBTA	\$129,671,777	\$175,648,008	73.8%	\$158,796,062	81.7%
Hanscom	\$298,479,520	\$411,789,336	72.5%	\$371,859,046	80.3%
Members Plus	\$145,919,655	\$211,743,902	68.9%	\$182,796,625	79.8%
City of Boston	\$139,583,326	\$209,568,535	66.6%	\$183,231,031	76.2%
Northern Mass. Telephone Workers	\$220,810,489	\$404,615,938	54.6%	\$353,596,936	62.4%
Southern Mass. Telephone Workers	\$57,495,290	\$114,436,818	50.2%	\$98,929,687	58.1%
RTN	\$153,269,065	\$347,661,971	44.1%	\$289,152,687	53.0%
Telephone Workers'	\$250,860,583	\$575,981,558	43.6%	\$491,331,644	51.1%

Source: Call Report Data as of September 30, 2003

Based on the foregoing information, TWCU's asset size and resources, and the credit needs of its members, the credit union's ratios are considered to be below expectations.

³ City of Boston Credit Union, Digital Credit Union, Direct Credit Union, Hanscom Credit Union, MBTA Credit Union, Members Plus Credit Union, Northern Massachusetts Telephone Workers Credit Union, RTN Credit Union, and Southern Massachusetts Telephone Workers Credit Union.

DESCRIPTION OF INSTITUTION (CONTINUED)

The credit union's assets increased more than 14 percent between December 31, 2001, and September 30, 2003. An increase in deposits of 15.9 percent was noted for the same period. TWCU offers real estate and consumer loan products. These products include, but are not limited to, the following: residential mortgages with terms of up to 30 years; construction loans; first time homebuyer loan products; low- and moderate-income loans; automobile loans; collateral loans; home equity closed end loans; home equity lines of credit; home improvement loans; secured and unsecured personal loans; student loans.

Additional information regarding credit products designed for low- and moderate-income loan applicants is provided later in this evaluation.

The credit union has an eight-member CRA Committee that meets quarterly. The committee is comprised of the credit union's President, Mortgage Manager, Assistant Lending Manager, Compliance Officer, Marketing Director, Member Service Supervisor, and two members of the Board of Directors. The CRA Committee is responsible for reviewing and overseeing the credit union's efforts in complying with both the letter and spirit of the Community Reinvestment Act. Also, the committee reviews the credit union's geographic distribution of loans and deposits and conducts periodic reviews of loan denials.

The Commonwealth of Massachusetts last examined the credit union for compliance with the Community Reinvestment Act on July 16, 2001. The examination resulted in an overall rating of "Satisfactory." The performance rating at this examination is based upon the credit union's lending for calendar year 2002 and year-to-date November 21, 2003 for Home Mortgage Disclosure Act (HMDA)-reportable loans and calendar year 2002 and year-to-date December 5, 2003 for consumer installment loans. Calendar year 2002 HMDA data is presented along with aggregate data. Greater weight will be given to the credit union's performance for real estate lending versus consumer installment lending given that the credit union's primary focus is residential real estate lending.

There are no apparent financial or legal impediments that would limit the credit union's ability to help meet credit needs of its members. Based upon TWCU's financial condition, size, product offerings, and branch network, the credit union's ability to meet members' credit needs remains strong.

DESCRIPTION OF ASSESSMENT AREA

In accordance with the requirements of 209 CMR 46.41, the credit union defines its membership as its assessment area. The credit union's by-laws, which were last reviewed by the Board of Directors on July 9, 2002, state, in part, that membership shall include and be limited to the following:

Those employed by the Bell System's Successor, spin-off or other legal identity stemming from the AT&T Divestiture, employees of the credit union, Employees of the Local Unions that represent the above mentioned entities, employees of companies whose primary business is within the communications industry, and future or retired employees of the above, and families of members of the Credit Union, i.e. husband, wife, father, mother, son, daughter, brother, sister, grandchildren, and the dependents of the above...

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The institution's Lending Test performance was rated an overall "Satisfactory." The institution's lending efforts are rated under four performance criteria: Lending Activity, Borrower Characteristics, Innovative or Flexible Lending Practices and Fair Lending Policies and Practices. The following information details the data compiled and reviewed, as well as conclusions on the credit union's performance.

Scope of Evaluation

Data regarding TWCU's residential mortgage and consumer installment lending were reviewed to determine the concentration of loans originated within the assessment area. Lending data were obtained from the credit union's Loan Application Registers (LAR) filed under the provisions of HMDA. Consumer installment lending data were obtained from loan origination information provided by the credit union. For comparison, the 2002 aggregate information for similarly situated credit unions was used. The following performance criteria are measured using both real estate and non real estate loans.

I. Lending Activity

An evaluation of the credit union's HMDA-reportable loans for calendar year 2002 and year-to-date November 11, 2003 was performed. During this period, the credit union received 1,929 residential mortgage applications. Of these, 90.5 percent or 1,745 mortgages were originated accounting for more than \$217 million dollars in loans.

TWCU's consumer loans represent more than 88 percent of the loan portfolio and account for the major segment of the credit union's lending activity, by number volume. However, consumer loans, as indicated in the Description of Institution section of this evaluation, represent 28.8 percent of the loan portfolio's total dollar volume. Data collection for consumer loans is not required by CRA regulation. Consequently, a random sample was chosen consisting of the major products offered by TWCU, personal unsecured loans, and automobile and vehicle loans.

Geographic Distribution

The credit union's membership is based upon affiliation rather than geography. This precludes any evaluation of geographic performance per the requirements of the aforementioned 209 CMR 46.41.

II. Borrower Characteristics

The distribution of loans reflects good penetration among borrowers of different income levels. For comparison, the distribution by borrower income level and 2002 aggregate data, the latest available data for similarly situated credit unions, is indicated in the residential loan analysis.

Low-income is defined by the U.S. Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median family income level for the MSA. Upper-income is defined as income equal to or greater than 120 percent of the median family income level for the MSA.

Refer to the table below for a breakdown of HUD's estimated 2002 and 2003 median family income for the following Metropolitan Statistical Areas (MSA).

MSA	2002-MFI	2003-MFI
Barnstable	\$56,500	\$58,700
Boston	\$74,200	\$80,800
Brockton	\$63,500	\$70,300
Lawrence	\$67,400	\$74,300
Lowell	\$75,200	\$79,700
Providence-Fall River-Warwick RI-MA	\$54,100	\$58,400
Massachusetts Nonmetropolitan Areas	\$52,100	\$60,300

HMDA Loans

The following table shows the number and dollar volume of HMDA-reportable loans originated by Telephone Workers' Credit Union during 2002 in comparison to the 9 other lenders³ (selected peers) that operate in TWCU's larger lending area. The results indicate that TWCU is significantly ahead of the other lenders in lending to borrowers of low and moderate-income.

Distribution of HMDA Loans by Borrower Income							
Median Family Income Level	Aggregate Lending Data (% of #)	2002		2003*		Total	
		#	%	#	%	#	%
Low	3.1	73	8.8	76	9.3	149	9.0
Moderate	14.6	191	22.9	253	30.9	444	26.8
Middle	29.6	292	35.0	293	35.7	585	35.4
Upper	51.4	278	33.3	197	24.0	475	28.7
NA	1.3	0	0.0	1	0.1	1	0.1
Total	100.0	834	100.0	820	100.0	1,654	100.0

Source: U.S. Census, HMDA LAR, and HMDA Aggregate Data. *year-to-date

While the overall concentration of TWCU's residential mortgage loans is slightly higher among middle- and upper-income borrowers, the credit union's loan distribution is considered good. The comparison to the aggregate supports this statement given that TWCU figures surpass the aggregate in lending to low-income and moderate-income borrowers by a considerable margin. The loans to low-income individuals at 8.8 percent compared to 3.1 percent for the other lenders are notable. Similarly, TWCU's loans to moderate-income borrowers at 22.9 percent are more than 8 percent above the aggregate. With flexible lending programs in place, the credit union's performance in lending to low- and moderate-income borrowers is good.

Distribution of HMDA Loans by Borrower Income							
Median Family Income Level	Aggregate Lending Data (% of #)	2002		2003*		Total	
		\$(000)	%	\$(000)	%	\$(000)	%
Low	1.8	5,610	5.5	6,324	6.1	11,934	5.8
Moderate	10.5	18,991	18.8	29,490	28.4	48,481	23.6
Middle	26.2	37,403	36.9	39,849	38.3	77,252	37.6
Upper	59.7	39,265	38.8	28,212	27.1	67,477	32.9
NA	1.8	0	0.0	110	0.1	110	0.1
Total	100.0	101,269	100.0	103,985	100.0	205,254	100.0

Source: U.S. Census, HMDA LAR, and HMDA Aggregate Data. *year-to-date

³ City of Boston Credit Union, Digital Credit Union, Direct Credit Union, Hanscom Credit Union, MBTA Credit Union, Members Plus Credit Union, Northern Massachusetts Telephone Workers Credit Union, RTN Credit Union, and Southern Massachusetts Telephone Workers Credit Union.

Consumer Loans

As mentioned earlier, sample procedures were used to determine the percentages of consumer loans to borrowers of different income levels. The sample results for members' automobile and secured and unsecured personal loans were used to estimate lending by borrower income level for total consumer loans originated between January 1, 2002 and year-to-date December 5, 2003. It is important to note that the distribution was based on the Office of Housing and Urban Development (HUD) estimated median family income for the year in which each loan was originated. Median family income is not the most accurate measure, since individuals frequently apply for consumer loans. If an individual applies for the loan, financial institutions use the individual's income to make the credit decision, rather than the total family income. Therefore, comparing the borrower income level to the median family income potentially inflates the levels of lending to low and moderate-income borrowers and may understate the levels of lending to middle- and upper-income borrowers. Nonetheless, TWCU's levels of consumer installment loans to low- and moderate-income borrowers with 65.3 percent of the number and 61.8 percent of the dollar amount were good and favorably represented the credit union's efforts to lend to borrowers of all income levels. In addition, lending in other income categories were not negatively impacted based on the sample results. The following tables indicate the sample of borrower income distribution by number of loans and by dollar volume, respectively.

Distribution of Consumer Installment Loans by Borrower Income (Number)						
Median Family Income Level	2002		2003*		Total	
	#	%	#	%	#	%
Low	22	24.7	13	22.4	35	23.8
Moderate	37	41.6	24	41.4	61	41.5
Middle	24	27.0	20	34.5	44	29.9
Upper	6	6.7	1	1.7	7	4.8
Total	89	100.0	58	100.0	147	100.0

Source: Credit Union Loan Data *Year-to-date

Distribution of Consumer Installment Loans by Borrower Income (Dollar Amount)						
Median Family Income Level	2002		2003*		Total	
	\$ (000)	%	\$ (000)	%	\$ (000)	%
Low	199.2	21.0	118.8	18.4	318.0	19.9
Moderate	415.0	43.6	255.0	39.4	670.0	41.9
Middle	258.7	27.2	235.8	36.5	494.5	31.0
Upper	77.9	8.2	37.0	5.7	114.9	7.2
Total	950.8	100.0	646.6	100.0	1,597.4	100.0

Source: Credit Union Loan Data *Year-to-date

III. Innovative or Flexible Lending Practices

TWCU has developed innovative and flexible lending programs designed to help meet the credit needs of its members. These programs use flexible criteria and underwriting standards. The following is a summary of these programs.

The credit union exercises flexibility in its underwriting criteria, especially in debt to income ratios for consumer loan applications. In 2003, the term for personal unsecured loans increased from 4 years to 7 years. The fair lending review did not reveal any instances that would jeopardize the borrower's ability to repay the loans, however. A first time homebuyers program is offered, geared toward low- and moderate-income applicants. This product is for a 35-year term with a three percent downpayment requirement with private mortgage insurance (PMI). Also, a 40-year mortgage with a 5 percent downpayment with PMI is available. In addition a 40-year mortgage is offered with a maximum dollar amount of \$500,000 with a 10 percent downpayment with PMI. The 35-year and 40-year products and the 97 percent loan-to-value products were introduced in 2003. The maximum loan amount of residential mortgages was increased from \$200,000 to \$300,000 in 2003. TWCU originated two 40-year term mortgages totaling \$471,600 and two mortgages with loan-to-value ratios of 97 percent totaling \$441,250 in 2003. Of the 4 loans originated, 3 were first time homebuyer mortgages.

The credit union also offers new and used automobile loans. The new and used automobile loan maximum increased from \$40,000 to \$50,000 in 2003. New automobile loans increased from a maximum term of 5 years at 95 percent loan to value to a maximum term of 7 years at 100 percent loan-to-value. Also, used automobile loans increased from a maximum term of 4 years at 95 percent loan-to-value to a maximum term of 7 years at 100 percent loan-to-value.

In addition, home improvement loans increased from a maximum loan amount of \$40,000 with a 15-year term to \$50,000 with a 20-year term. New and used boat and camper loans increased from a maximum loan amount of \$40,000 to \$75,000, and equity line of credit and second mortgage loan maximum loan amounts increased from \$200,000 to \$300,000 in 2003.

IV. Fair Lending Policies and Practices

TWCU's fair lending practices were reviewed to determine how they relate to the guidelines set forth in Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy. The credit union has a formal fair lending policy that is part of its CRA Statement. The policy makes reference to anti-discrimination regulations such as The Equal Credit Opportunity Act, Fair Housing Act and The Home Mortgage Disclosure Act. Employees undergo fair lending training at different times throughout the year. These training sessions are conducted in-house. On August 4, 2003, thirteen employees at the main office location received fair lending training and on August 13, 2003, thirteen employees at the Braintree branch location viewed a fair lending compliance video.

Marketing efforts appear to reach individuals of all income levels. Management refers all loan customers whose home loan is delinquent to the appropriate credit-counseling agency. A file review of residential mortgage loans gave no indication of any discriminatory practices.

Minority Application Flow

A review of residential loan applications was conducted in order to determine the number of applications the credit union received from minorities. Between 2002 and year-to-date 2003, the credit union received 1,825 residential loan applications from its members. During this period, 139 applications or 7.6 percent, were received from minorities. The credit union's minority application flow was compared with that of the 2002 selected peer data. The comparison of this data assists in deriving reasonable expectations for TWCU's minority application flow. TWCU's minority application flow of 8.3 percent for 2002, is slightly more than the 7.2 percent for the selected peer group average. Refer to the following table for further details.

Minority Application Flow*								
Race	Aggregate Data 2002		2002		2003*		Total	
	#	%	#	%	#	%	#	%
Native American	6	0.1	1	0.1	0	0.0	1	0.0
Asian	65	1.6	1	0.1	1	0.1	2	0.1
Black	110	2.6	62	6.7	50	5.5	112	6.2
Hispanic	44	1.1	1	0.1	3	0.3	4	0.2
Joint	52	1.2	9	1.0	7	0.8	16	0.9
Other	16	0.4	2	0.2	2	0.2	4	0.2
Total Minority	293	7.0	76	8.3	63	7.0	139	7.6
White	2,426	58.1	845	91.7	841	93.0	1,686	92.4
NA	1,460	34.9	0.0	0.0	0	0.0	0	0.0
Totals	4,179	100.0	921	100.0	904	100.0	1,825	100.0

*Source: PCI Services, Inc. CRA Wiz Software. *Year-to-date

Minority Application Flow (continued)

Of the 76 applications received by TWCU from minority applicants in 2002, 57 or 75 percent were approved. Of the 293 applications received by the peer group from minority applicants in 2002, 247 or 84.3 percent were approved.

Conclusion Lending Test

Taking into account the number and amount of home mortgage, and consumer loans granted to members, TWCU has demonstrated adequate responsiveness to credit needs. The credit union's lending also demonstrates a good distribution of loans among individuals of different income levels, especially with regards to consumer loans. The credit union has established a good record of serving the credit needs of low- and moderate-income individuals. Furthermore, TWCU's fair lending performance was found to be satisfactory at this time. Based on these findings the institution's lending performance is considered to be satisfactory.

SERVICE TEST

The credit union's Service Test performance was rated an overall "Satisfactory." This rating is based upon an evaluation of the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

RETAIL SERVICES

Distribution of Branches

The credit union's branch network is the result of a survey that was conducted many years ago, which determined that the concentration of accounts was within the Route 128 belt. Thus, the Stoneham branch location represents the northern radius and the Braintree location represents the southern radius of Route 128. Based on a review of the credit union's membership the location of the branches is the logical result of the survey. The main office, which is located in Boston's Financial District, is considered the credit union's operations center. The Braintree full service branch office, located in the South Shore Plaza, also serves as the mortgage loan center.

Business hours of operation at the three locations are from 9:00 am to 4:00 p.m. Monday through Friday with extended hours to 6:00 p.m. on Thursday evening. In addition, TWCU provides branch office hours at the Braintree and Stoneham locations on Saturday from 9:00 am to noon.

Record of Opening and Closing Branches

The credit union has not opened or closed any branch office since the last CRA evaluation.

Alternative Retail Banking Services

The credit union provides customers with the convenience of online bill payment. Also available is 24-hour telephone banking service that allows for balance inquiries, transfers between accounts, and deposit and loan rates.

The credit union offers payroll direct deposit whereby net pay is automatically deposited into members' checking or savings accounts at each pay period.

The credit union's provides home banking by way of the Internet. This service allows members to check account balances, review account statements, transfer funds between TWCU accounts, check clearance confirmation and deposits entered, make payments to customer's TWCU loan accounts, and download statement information to money management software.

Alternative Retail Banking Services (continued)

The credit union offers a bank-by-mail program, which allows members to make transaction from home or the workplace or when out of town. Receipts are mailed to the member for every deposit transaction sent to the credit union.

Community Development Services

The CRA regulation defines a community development service as a service that has as its primary purpose community development and is related to the provision of financial services. TWCU's directors, officers and employees are not participants in any community development service activity.

OTHER SERVICES

TWCU has a fingerprinting program that provides members who are parents with fingerprinting kits to record their children's fingerprints at the start of the school year. Also, Polaroid photographs are taken and presented to parents as part of this safety program. This service is provided at each office location.

Educational Services and Seminars

TWCU has conducted and participated in seminars designed to educate consumers about banking and products available to meet their specific needs. These events provide opportunities for credit union representatives to inform those in attendance about the products and services that are offered by the credit union and to gain information about member credit needs. The following is the credit union's involvement in 2002 and 2003.

The credit union sponsored two homebuyer seminars, one in the Fall of 2002 and another in the Spring of 2003. These seminars were attended by approximately 100 members, 10 of whom took advantage of TWCU's first-time homebuyers program. The credit union's marketing director routinely participates as an instructor in these sessions.

In addition, the credit union's marketing director provides home banking training and credit education to a diversified group of Verizon employees with special needs. This service is provided on an ongoing basis.

Conclusion Service Test

TWCU's system for delivering retail banking services illustrate its ability in providing services to all of its members, including low- and moderate-income individuals. However, these services are comparable to those offered by similarly situated financial institutions. The credit union sponsors educational seminars for first time homebuyers and provides work site home banking training to special needs individuals. Business hours of operation are convenient and meet the needs of the membership. Based on its efforts the credit union's performance in this area is considered satisfactory.

APPENDIX A

SCOPE OF EXAMINATION

TELEPHONE WORKERS' CREDIT UNION

SCOPE OF EXAMINATION: The examination included an on-site review of HMDA and consumer loans for the period noted below. To determine lending levels for borrowers of different incomes, sampling procedures were used for the consumer loan analysis.

Residential aggregate loan data was reviewed during the examination and included comparative loan data between a select group of similarly situated credit unions. The bulk of the credit union's lending was within the cities and towns located in the Barnstable, Boston, Brockton, Lawrence, Lowell, and Providence-Fall River MSAs.

TIME PERIOD REVIEWED: January 1, 2002 – December 5, 2003

PRODUCTS REVIEWED: HMDA Loans and Consumer Loans

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

TELEPHONE WORKERS' CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **DECEMBER 8, 2003**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

A majority of the Board of Directors

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.